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13th annual report

FOR THE YEAR
ENDED DECEMBER 31,

INTER-PROVINCIAL COMMERCIAL DISCOUNT

CORPORATION LIMITED
and SUBSIDIARY COMPANIES

1968

board of directors

JOSEPH FRIEBERG

WILLIAM ZIMMERMAN

RICHARD A. DALY, Jr.

THOMAS H. GOOCH

ERIC D. SCOTT

officers

JOSEPH FRIEBERG

President

WILLIAM ZIMMERMAN

Secretary

head office

1541 DAVENPORT ROAD

TORONTO 4, ONTARIO

auditors

THORNE, GUNN, HELLIWELL & CHRISTENSON

Chartered Accountants

TORONTO, ONTARIO

CALGARY, ALBERTA

PRESIDENT'S REPORT

To our Shareholders

I take pleasure in submitting the 13th Annual Report of the Company covering its operations and those of its wholly owned subsidiary, Western Aluminum Products Limited, during the fiscal year ended December 31, 1968. The year just concluded was one of extremely satisfying progress.

The following is a general review of these reports and a summary of the principal corporate events during the 1968 year.

OPERATING RESULTS

In order to better reflect the financial results of Inter-Provincial Commercial Discount Corporation Ltd. and its wholly owned subsidiary Western Aluminum Products Limited, we have for the first time presented the Statement of Income on a consolidated basis. Consolidated Net income after taxes was \$272,983 compared to \$79,499 for 1967, this being an improvement of \$193,484 or a 243% increase.

Western Aluminum Products Limited has enjoyed a record year for both sales and profits, resulting in the company's Working Capital increasing from \$487,531 to \$668,781, an improvement of \$181,200. Volume of Western's sales in 1968 reached \$3,739,089 compared with \$2,964,158, an increase of \$774,931 or 27%. The past few years reorganization in this area have produced the following results:

	1968	1967
Sales	\$3,739,089	\$2,964,158
Net Income	\$ 216,343	\$ 102,832

PROGRESS OF THE COMPANY

The fiscal period ending 1968 saw a great deal of activity, with some major changes in corporate structure. The capitalization of the Company was increased from 850,000 to 2,000,000 common shares. The number of common shares outstanding is 1,071,651; this is an increase of 863,500 from last year. Of this increase 505,000 shares were issued through the conversion of the 6½% subordinate convertible debentures, and the balance, namely 358,500 shares through the conversion of the 71,700 preferred shares. From a Deficit of (\$314,974) in 1967 the Company has now a **Net worth of \$462,571.**

EXPANSION PROGRAM

The directors of the Company have approved the acquisition of Howmark of Canada, importers and distributors of footwear. At the annual meeting the shareholders will be asked to approve this purchase.

This Company commenced operations in 1959 and its profits have increased steadily. The last two years highlights are as follows:;

	1968	1967
Sales	\$3,065,000	\$2,236,000
*Net Profit	195,808	81,577

* Income taxes are not reflected, as Howmark of Canada was a partnership.

CHANGE OF NAME

Your Company is phasing out of the commercial financing field, and it is the intention of the management to diligently study and implement plans for future acquisitions. To better reflect the Company's current operation and future program, we plan to make an application, subject to shareholders' approval, to change the name of your company to **Inter-Provincial Diversified Holdings Limited.**

It is with great pride and pleasure that we acknowledge the excellent relationship which exists between your management and your employees at all levels. The success achieved to date can only be regarded as a small measure of their loyalty, cooperation and industry.

Management is pleased with the year's accomplishments, and looks forward to increased growth in the year ahead.

Toronto, February 25, 1969.

JOSEPH FRIEBERG,
President.

INTER-PROVINCIAL COMMERCIAL DISCOUNT CORPORATION LIMITED

(Incorporated under the laws of Ontario)

AND ITS WHOLLY OWNED SUBSIDIARY — I.C.D. REALTY LIMITED

CONSOLIDATED BALANCE SHEET — DECEMBER 31, 1968

(with comparative figures at December 31, 1967)

	1968	1967
ASSETS		
CURRENT ASSETS (excluding current portion of receivables)		
Cash	\$ 65,411	\$ 49,442
Marketable securities, at cost (market value \$21,262)		26,089
Prepaid expenses	1,230	2,342
	<u>66,641</u>	<u>77,873</u>
RECEIVABLES (Note 2)	307,413	457,879
INVESTMENT IN SUBSIDIARY COMPANY (Notes 1 and 5)		
Shares	339,965	123,622
Advances	805,675	792,155
	<u>1,145,640</u>	<u>915,777</u>
OTHER ASSETS		
Funds deposited with trustee for the redemption of 6¾% secured collateral trust notes	135,000	50,000
Sundry assets	12,739	10,665
	<u>147,739</u>	<u>60,665</u>
FIXED ASSETS — at cost		
Automobile and office equipment	53,142	53,081
Less accumulated depreciation	41,737	39,531
	<u>11,405</u>	<u>13,550</u>
	<u>\$1,678,838</u>	<u>\$1,525,744</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 17,286	\$ 8,424
Interest accrued on 6¾% secured collateral trust notes	19,330	23,763
Deferred interest income	199	1,487
	<u>36,815</u>	<u>33,674</u>
LONG TERM DEBT (Note 3)	1,179,452	1,807,044
SHAREHOLDERS' EQUITY (Deficiency)		
CAPITAL STOCK (Note 4)		
Authorized		
100,000 5% Convertible preference shares, par value \$5		
2,000,000 Common shares without par value		
Issued		
4 Preference shares (1967, 71,704 shares)	20	358,520
1,071,651 Common shares (1967, 208,151 shares)	1,071,798	208,299
	<u>1,071,818</u>	<u>566,819</u>
DEFICIT	609,247	881,793
SHAREHOLDERS' EQUITY (Deficiency)	462,571	(314,974)
	<u>\$1,678,838</u>	<u>\$1,525,744</u>
Approved on behalf of the board:		
JOSEPH FRIEBERG, <i>Director</i>		
R. A. DALY Jr., <i>Director</i>		

INTER-PROVINCIAL COMMERCIAL DISCOUNT CORPORATION LIMITED
AND SUBSIDIARY COMPANIES

CONSOLIDATED STATEMENT OF INCOME
FOR THE YEAR ENDED DECEMBER 31, 1968
(with comparative figures for 1967)

	1968	1967
INCOME	<u>\$171,849</u>	<u>\$160,147</u>
EXPENSES		
Interest on long term debt	83,555	95,434
General and administrative	14,232	47,352
Salaries	13,936	20,422
Depreciation	<u>2,206</u>	<u>2,406</u>
	<u>113,929</u>	<u>165,614</u>
	57,920	(5,467)
Consolidated net income of subsidiary company, Western Aluminum Products Limited and its subsidiary companies	<u>216,343</u>	<u>95,370</u>
Income before income taxes and extraordinary items	274,263	89,903
Income taxes	<u>30,200</u>	
Income before extraordinary items	<u>244,063</u>	<u>89,903</u>
Extraordinary items		
Income tax reduction realized on carry forward of prior years' tax losses	30,200	
Deduct default expenses	<u>1,280</u>	<u>10,404</u>
	<u>28,920</u>	<u>(10,404)</u>
NET INCOME for the year	<u>\$272,983</u>	<u>\$ 79,499</u>

CONSOLIDATED STATEMENT OF DEFICIT
FOR THE YEAR ENDED DECEMBER 31, 1968
(with comparative figures for 1967)

	1968	1967
DEFICIT at beginning of year		
As previously reported	\$ 691,920	\$ 529,439
Accumulated prior years' losses less profit of Western Aluminum Products Limited and its subsidiary companies ...	<u>189,873</u>	<u>285,243</u>
As restated	881,793	814,682
Add		
Unamortized bond discount and issue expense written off		146,242
Adjustments re prior year's taxes		368
Incorporation expense written off	<u>437</u>	
	882,230	961,292
Deduct net income for the year	<u>272,983</u>	<u>79,499</u>
DEFICIT at end of year	<u>\$ 609,247</u>	<u>\$ 881,793</u>

INTER-PROVINCIAL COMMERCIAL DISCOUNT CORPORATION LIMITED

CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS FOR THE YEAR ENDED DECEMBER 31, 1968

(with comparative figures for 1967)

SOURCE OF FUNDS	1968	1967
Operations		
Net income for the year	\$ 272,983	\$ 79,499
Add items not involving a current outlay of funds		
Deferred interest on 7½ % debentures	30,108	27,846
Depreciation and amortization	2,206	2,406
	305,297	109,751
Deduct consolidated net income of subsidiary company, Western Aluminum Products Limited and its subsidiary companies	216,343	95,370
	88,954	14,381
Decrease in advances to non-consolidated subsidiary companies		35,829
Decrease in receivables	150,466	349,151
Other items		9,544
	239,420	408,905
APPLICATION OF FUNDS		
Reduction in long term debt	152,700	397,150
Funds deposited with trustee for redemption of long term debt	85,000	
Advances to non-consolidated subsidiary company	13,520	
Other items	2,573	368
	253,793	397,518
INCREASE (DECREASE) IN WORKING CAPITAL	(14,373)	11,387
WORKING CAPITAL* at beginning of year	44,199	32,812
WORKING CAPITAL* at end of year	\$ 29,826	\$ 44,199
*Working capital has been determined excluding current portion of receivables.		

AUDITORS' REPORT

To the Shareholders of
Inter-Provincial Commercial Discount Corporation Limited

We have examined the consolidated balance sheet of Inter-Provincial Commercial Discount Corporation Limited and its subsidiary company I.C.D. Realty Limited as at December 31, 1968 and the consolidated statements of income, retained earnings and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at December 31, 1968 and the results of their operations and the source and application of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year after giving effect in that year to the change in accounting for investment in subsidiary companies as explained in note 5, with which change we concur.

Toronto, Canada
February 14, 1969

THORNE, GUNN, HELLIWELL & CHRISTENSON
Chartered Accountants

INTER-PROVINCIAL COMMERCIAL DISCOUNT CORPORATION LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 1968

1. BASIS OF CONSOLIDATION

The consolidated financial statements include the accounts of Inter-Provincial Commercial Discount Corporation Limited and its wholly owned subsidiary company I.C.D. Realty Limited. The financial statements of the wholly owned subsidiary Western Aluminum Products Limited and its subsidiary company have not been consolidated with those of Inter-Provincial Commercial Discount Corporation Limited as such consolidated financial statements would not be as informative as the separate financial statements which accompany these financial statements. The company's investment in Western Aluminum Products Limited is stated in the balance sheet at cost plus the company's equity in the consolidated net earnings of Western Aluminum Products Limited and its subsidiary companies since acquisition of the company.

2. RECEIVABLES

	1968	1967
Commercial accounts receivable less amounts due to customers when receivables are collected (1968, \$294,926; 1967, \$120,176)	\$ 150,867	\$ 249,331
Advances to dealers secured by debentures or chattel mortgages	119,570	163,665
Commercial instalments receivable	19,255	41,990
Sundry accounts receivable	52,475	41,871
Mortgages receivable	20,272	36,087
	<u>362,439</u>	<u>532,944</u>
Less allowance for doubtful accounts	55,026	75,065
	<u>\$ 307,413</u>	<u>\$ 457,879</u>

3. LONG TERM DEBT

	1968	1967
6¾ % secured collateral trust notes, maturing December 31, 1971	\$ 687,150	\$ 839,850
6½ % subordinated convertible debentures, maturing January 15, 1985	71,000	576,000
7½ % debentures, maturing November 1, 1975	346,000	346,000
Accrued interest on 7½ % debentures	75,302	45,194
	<u>\$1,179,452</u>	<u>\$1,807,044</u>

6¾ % SECURED COLLATERAL TRUST NOTES:

The company is required to make the following payments of cash or the transfer of approved securities to the Trustee.

December 31, 1969	\$145,150
December 31, 1970	155,000
December 31, 1971	256,000

6½ % SUBORDINATED CONVERTIBLE DEBENTURES:

Sinking fund requirements, \$66,000 per annum commencing January 15, 1977.

No interest is payable for the period July 15, 1966 to July 14, 1975. Commencing July 15, 1975 interest is payable to January 15, 1985.

The debentures are convertible at the rate of 1,000 shares for each \$1,000 principal amount of debentures, to January 14, 1985.

7½ % SUBORDINATED CONVERTIBLE DEBENTURES:

The company is required to pay to the Trustee in each of the years 1972 to 1974 a sum sufficient to retire \$85,000 in principal amount of debentures.

Interest payable on November 1, 1966 and on May 1 and November 1 in each of the years 1967 to 1971 inclusive is deferred. One-half of each deferred amount together, with one-half of the accrued interest on such deferred amount is payable on or after November 1, 1974. The balance of the deferred amount together with the balance of the accrued and unpaid interest thereon is payable on or after November 1, 1975.

4. CAPITAL STOCK

By supplementary letters patent dated August 30, 1968

- the authorized capital of the company was increased from 850,000 common shares, without par value to 2,000,000 common shares without par value.
- the conversion privilege relating to the preference shares was varied to give the holders of preference shares the right up to December 31, 1968 to convert fully-paid preference shares into common shares without par value of the company on the basis of five common shares without par value for each preference share converted.

During the year 863,500 common shares were issued as follows:

Conversion of 71,700 preference shares	\$358,500
Conversion of \$505,000 6½ % subordinated convertible sinking fund debentures	505,000
	<u>\$863,500</u>

The company has reserved 108,410 common shares as follows:

- 20,000 shares for exercise of outstanding share purchase warrants at \$10 per share on or before October 1, 1969
- 17,410 shares for exercise of outstanding share purchase warrants at \$4 per share on or before August 1, 1969
- 71,000 shares for conversion of 6½ % subordinated convertible debentures on or before January 14, 1985.

5. CHANGE IN BASIS OF ACCOUNTING

In 1968 the basis of accounting for the investment in the subsidiary company, Western Aluminum Products Limited, and its subsidiary companies was changed to reflect the cost of the investment, plus the company's equity in the net earnings of Western Aluminum Products Limited and its subsidiary companies. The 1967 figures have been restated to reflect this change in practice by a credit in the statement of income of \$95,370 for the company's equity in the net income for 1967, and a charge in the statement of deficit of \$285,243 for the losses less profits accumulated to December 31, 1966.

6. LONG TERM LEASES

The company rents a building under a long term lease which expires December 31, 1974, the annual rental for which is \$7,836.

7. OTHER STATUTORY INFORMATION

Remuneration of directors and senior officers (as defined by The Corporations Act) amounted to \$12,400 (1967, \$19,432).

8. COMPARATIVE FIGURES

The 1967 figures have been reclassified to conform with financial statement presentation adopted for 1968.

WESTERN ALUMINUM PRODUCTS LIMITED

(Incorporated as a private company under the laws of Alberta)

AND ITS SUBSIDIARY COMPANY, AMALGAMATED GLASS LIMITED

CONSOLIDATED BALANCE SHEET — DECEMBER 31, 1968

(with comparative figures at December 31, 1967)

	1968	1967
ASSETS		
CURRENT ASSETS		
Cash	\$ 425	\$ 1,101
Accounts receivable	691,427	554,649
Inventories (Note 2)	667,170	553,686
Prepaid expenses	5,221	6,220
	<u>1,364,243</u>	<u>1,115,656</u>
SHARES IN WHOLLY-OWNED SUBSIDIARIES (Note 1)	<u>2</u>	<u>1,050</u>
OTHER ASSETS, at cost		
Investments		5,170
Equity in residential property	14,118	11,174
Special refundable tax	2,432	1,403
	<u>16,550</u>	<u>17,747</u>
FIXED ASSETS (Note 3)		
Land, buildings and equipment, at cost	710,324	627,302
Less accumulated depreciation	240,155	190,768
	<u>470,169</u>	<u>436,534</u>
DEFERRED CHARGES, less amortization		
Finance charges	4,403	7,703
Die costs	15,804	6,192
Incorporation expense	250	250
	<u>20,457</u>	<u>14,145</u>
	<u>\$1,871,421</u>	<u>\$1,585,132</u>
LIABILITIES		
CURRENT LIABILITIES		
Bank advances, secured by assignment of book debts and inventories ..	\$ 223,667	\$ 207,191
Accounts payable and accrued liabilities	383,000	351,307
Income and other taxes payable	54,241	25,679
Principal instalments due within one year on long-term debt	34,554	43,898
	<u>695,462</u>	<u>628,075</u>
DEFERRED INCOME TAXES	<u>9,500</u>	
LONG-TERM DEBT		
Mortgages payable (Note 4)	233,729	263,534
Less principal instalments included in current liabilities	34,554	43,898
	<u>199,175</u>	<u>219,636</u>
Payable to parent company, Inter-Provincial Commercial Discount Corporation Limited		
Advances (non-interest bearing)	202,175	188,655
9% Debentures	603,500	603,500
	<u>1,004,850</u>	<u>1,011,791</u>
SHAREHOLDERS' EQUITY		
CAPITAL STOCK		
Authorized		
20,000 Shares of \$1 par value		
Issued		
25 Shares	25	25
RETAINED EARNINGS (DEFICIT)	<u>161,584</u>	<u>(54,759)</u>
	<u>161,609</u>	<u>(54,734)</u>
Approved by the Board:		
ROBERT SCOLNICK, <i>Director</i>	<u>\$1,871,421</u>	<u>\$1,585,132</u>
JOSEPH FRIEBERG, <i>Director</i>		

WESTERN ALUMINUM PRODUCTS LIMITED

CONSOLIDATED STATEMENT OF INCOME FOR THE YEAR ENDED DECEMBER 31, 1968 (with comparative figures for 1967)

	1968	1967
SALES	\$3,739,089	\$2,964,158
INCOME BEFORE UNDERNOTED ITEMS	\$ 435,001	\$ 245,393
Interest on long-term debt		
Parent company	54,315	66,181
Other, including amortization of finance charges	14,537	15,414
Management fees to parent company	50,000	
Depreciation	53,149	51,064
Amortization of die costs	6,603	9,902
	178,604	142,561
INCOME BEFORE INCOME TAXES AND EXTRAORDINARY ITEMS	256,397	102,832
Income taxes (Note 5)		
Current	112,239	42,670
Deferred	9,500	
	121,739	42,670
Income before extraordinary items	134,658	60,162
Extraordinary items:		
Income tax reductions realized on carry-forward of prior years' losses (Note 5)	82,733	42,670
Shares in subsidiaries written down to nominal value	(1,048)	
	81,685	42,670
NET INCOME for the year	\$ 216,343	\$ 102,832

CONSOLIDATED STATEMENT OF RETAINED EARNINGS FOR THE YEAR ENDED DECEMBER 31, 1968 (with comparative figures for 1967)

	1968	1967
DEFICIT at beginning of year	\$ (54,759)	\$ (150,129)
Net income for the year	216,343	102,832
	161,584	(47,297)
Expenses and forfeited deposits applicable to prior years		(7,462)
RETAINED EARNINGS (DEFICIT) at end of year	\$ 161,584	\$ (54,759)

AUDITORS' REPORT

To the Shareholders of Western Aluminum Products Limited

We have examined the consolidated balance sheet of Western Aluminum Products Limited and its subsidiary company Amalgamated Glass Limited as at December 31, 1968 and the consolidated statements of income, retained earnings and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at December 31, 1968 and the results of their operations and the source and application of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Canada
February 14, 1969

THORNE, GUNN, HELLIWELL & CHRISTENSON
Chartered Accountants

WESTERN ALUMINUM PRODUCTS LIMITED

CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS FOR THE YEAR ENDED DECEMBER 31, 1968 (with comparative figures for 1967)

SOURCE OF FUNDS	1968	1967
Operations		
Net income for the year	\$ 216,343	\$ 102,832
Add items not involving a current outlay of funds		
Depreciation	53,149	51,064
Deferred income taxes	9,500	
Amortization of die costs	6,603	9,902
Amortization of finance charges	6,397	4,780
Shares in subsidiaries written down to nominal value	1,048	
	293,040	168,578
Advances from parent company	13,520	
Proceeds of chattel mortgage borrowing	16,151	37,909
Sale of fixed assets	4,034	12,381
Sale of investments	5,170	
	331,915	218,868
APPLICATION OF FUNDS		
Capital expenditures		
Purchase of fixed assets	90,818	92,502
Additional die costs	16,215	5,576
	107,033	98,078
Reduction in non-current portion of mortgages payable	39,709	41,065
Increase in equity in residential property	2,944	11,174
Special refundable tax	1,029	1,403
Repayment of advances from parent company		35,829
Expenses and forfeited deposits applicable to prior years		7,462
	150,715	195,011
INCREASE IN WORKING CAPITAL	181,200	23,857
WORKING CAPITAL at beginning of year	487,581	463,724
WORKING CAPITAL at end of year	\$ 668,781	\$ 487,581

NOTES TO FINANCIAL STATEMENTS — DECEMBER 31, 1968

1. BASIS OF CONSOLIDATION

The consolidated financial statements include the accounts of Western Aluminum Products Limited and its wholly owned subsidiary company Amalgamated Glass Limited. Because of the dormant condition of the subsidiary companies Duo-Seal Glass Co. Limited and Toulon Development Ltd., the investment in these companies has been written down to a nominal value.

2. INVENTORIES

	1968	1967
Raw materials and materials for resale	\$518,374	\$349,485
Work in process and finished goods	148,796	204,201
	<u>\$667,170</u>	<u>\$553,686</u>

Raw materials are valued at the lower of cost and replacement cost. Materials for resale, work in process and finished goods are valued at the lower of cost and net realizable value.

3. FIXED ASSETS

		1968		1967
	Cost	Accumulated depreciation	Net	Net
Land	\$ 35,793		\$ 35,793	\$ 35,793
Paving	4% 224	\$ 18	206	215
Buildings	5% 392,034	82,431	309,603	282,794
Plant and equipment	20% 181,091	101,278	79,813	72,813
Office equipment	20% 35,367	22,431	12,936	12,927
Automotive equipment	30% 65,815	33,997	31,818	31,992
	<u>\$710,324</u>	<u>\$240,155</u>	<u>\$470,169</u>	<u>\$436,534</u>

Depreciation has been provided on net balances at rates indicated.

4. MORTGAGES PAYABLE

	1968	1967
Alberta Commercial Corporation		
7½%, payable \$1,611 per month including interest to September, 1980	\$150,871	\$160,352
Montreal Trust Company		
7½%, payable \$442 per month including interest to May, 1980	40,817	43,280
Chattel mortgages		
Payable in varying monthly instalments	42,041	59,902
	<u>\$233,729</u>	<u>\$263,534</u>

5. INCOME TAXES

The company charges earnings with income taxes currently payable and also with taxes deferred by claiming capital cost allowances in excess of depreciation recorded in the accounts. The accumulated total of such tax deferment is reflected in the balance sheet as "Deferred income taxes." Income taxes actually payable were eliminated in 1967 and reduced in 1968 by application of the balance of a prior year's loss. These tax reductions are reflected in the statement of income as extraordinary items.

6. BASIS OF PRESENTATION

Certain 1967 figures have been reclassified to conform with the basis of presentation adopted for 1968.

registrars and transfer agents

CANADA TRUST COMPANY LIMITED

Common Shares

trustees

MONTREAL TRUST COMPANY

Collateral Trust Notes

CANADA PERMANENT TORONTO GENERAL
TRUST COMPANY

6½% Convertible Debentures

CANADA TRUST COMPANY

7½% Debentures

shares listed

COMMON

Toronto Stock Exchange

